

What to Expect for Individual Market Premiums in 2021 – And How to Impact Them Now

Speakers:

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What is Prior Approval Rate Review? How Does it Work? How Can Consumers Participate?

New York's individual market

- People who buy insurance on their own, not from a job
- Most people buy Qualified Health Plans (QHPs) from New York State of Health Marketplace
 - Most people (58 percent) who buy QHPs get financial aid
 - Pre ACA (2013), only 19,000 New Yorkers were in the individual market
- ACA helped New York add over 300,000 people!

| Total Enrolled in Qualified Health Plans in New York, On- and Off-Exchange | | | | |
|--|-------------|--------------|---------|----------------|
| | On-Exchange | Off-Exchange | Total | Percent Change |
| 2017 | 223,705 | 124,004 | 347,709 | |
| 2018 | 237,191 | 91,593 | 328,784 | -5.4% |
| 2019 | 254,634 | 71,272 | 325,906 | -0.9% |
| 2020 | 272,948 | N/A | N/A | N/A |

Data provided by the New York State Department of Financial Services.



Medical Loss Ratios (MLRs)

- NY state says a health plan must spend at least 82% of your premium on health care
- This is called a Medical Loss Ratio (MLR)

Individual Market Rate Changes and Medical Loss Ratios, 2016-2019

| | Average Request | Average Approved | Average Medical Loss Ratio |
|-------------|-----------------|------------------|----------------------------|
| 2015 | 12.5% | 5.7% (-54%) | 104.4% |
| 2016 | 10.4% | 7.1% (-32%) | 102.0% |
| 2017 | 18.0% | 16.6% (-8%) | 95.6% |
| 2018 | 16.6% | 14.5% (-13%) | 83.0% |
| 2019 | 24.0% | 8.6% (-72%) | 87.5% |

What is Rate Review?

- New York’s Department of Financial Services must approve rate changes for individual and small group plans – also called “prior approval”
 - DFS can decrease the proposed rate if it is “unreasonable,” “excessive,” or “unfairly discriminatory” and can increase it if the plan doesn’t prove they will be solvent at that rate
 - Individual, small group, and Medicare Advantage plans all subject to prior approval
 - Carriers have to send letters to all members about the proposed rate changes and how to comment
- The public can read the applications and submit comments – on a VERY short timeline of 30 days after posting

Comments are due on Monday, July 5!

The carriers' rate increase applications are public, but hard to find!

- We added links to the applications on HCFANY's blog: <https://hcfany.org/heres-how-to-comment-on-insurers-rate-increase-requests/>
 - Most useful pages are the Narrative and the Actuarial Memo, but you don't need to understand the entire application! The information you have as a customer makes you an expert.
- Submit your comment here: <https://myportal.dfs.ny.gov/web/prior-approval/submit-a-comment>
- See what others have said starting here: <https://myportal.dfs.ny.gov/web/prior-approval/rate-applications-by-company>, clicking your carrier on the left-hand side, selecting the individual plan by hovering over the “pending application, and clicking “public comment” by hovering over the SERFF filing number

Past examples of public comments are compelling

- ***“This rate of increase is unsustainable and weighs heavily on the American public... Fidelis cites higher medical and pharmacy costs as the primary reason for the increase. But they are the ones with the power to negotiate on our behalf! If insurers fail to push back against sky-high hospital and medication costs, the common people lose.... Patients have no ability to negotiate, because medicine is an opaque and non-free market. If we can’t have a free market or a single payer system, we need to at least hold the current players accountable. But we never do.”***
- ***“I have not had a pay increase in years, and you are requesting a change of 3.4%. The cost of office visits that are not covered on insurance have gotten higher every time I need to go for a visit. I hesitate in going...”***
- ***“Having these high prices for insurance has made me limit any medical appointments that aren’t an emergency... I hate to be this way but simply feel we can’t afford to pay this kind of money.”***

What drives insurance premiums?

- Number of enrollees (the size of the “risk pool”)
- Medical trend (or medical inflation)
 - Prices for drugs, supplies, rates paid to providers)
 - Estimated utilization of medical care members use (utilization)
- Administrative costs
 - Costs unrelated to actual medical care: processing claims, advertising, salaries, broker fees
 - Administration costs are usually 8%-15% of premiums
 - must be less than 18% or the carrier will not make the 82% statutory **medical loss ratio (MLR)**



What Rate Increases Are New York's Health Insurance Carriers Asking For?

What Are Consumers Concerned About?

The average request was for an increase of 11.8%

| Carrier | 2020 Enrollees | 2021 Request |
|--|----------------|--------------|
| Capital District Physicians Health Plan | 7,200 | 4.3% |
| Emblem/Health Insurance Plan of Greater New York | 16,300 | 9.5% |
| Excelsus | 25,200 | 1.5% |
| Fidelis | 113,300 | 18.8% |
| Healthfirst PHSP | 40,000 | 2.4% |
| HealthNow | 9,700 | -1.9% |
| HealthPlus (Empire) | 15,600 | 16.6% |
| Independent Health | 4,700 | -3.7% |
| MetroPlus | 13,900 | 9.6% |
| MVP Health Plan | 34,900 | 6.7% |
| Oscar | 41,600 | 19.1% |
| UnitedHealthcare of New York | 8,000 | 13.8% |

The average request related to COVID-19 was 3.1%...

| Carrier | Expected COVID-19 impact |
|--|--------------------------|
| Capital District Physicians Health Plan | 0.0% |
| Emblem/Health Insurance Plan of Greater New York | 2.0% |
| Excellus | 0.6% |
| Fidelis | 11.5% |
| Healthfirst PHSP | 0.0% |
| HealthNow | 2.0% |
| HealthPlus (Empire) | 5.1% |
| Independent Health | 0.0% |
| MetroPlus | 2.1% |
| MVP Health Plan | 1.6% |
| Oscar | 7.4% |
| UnitedHealthcare of New York | 1.0% |

...but it should be zero!

- Carriers are getting paid premiums by current members that were calculated for a normal year – but the pandemic has drastically reduced the amount of care their members are getting
 - 30% of Americans are delaying care
 - Many will ultimately forgo that care completely – there may be some pent-up demand but ultimately carriers will pay for fewer claims than they would have otherwise
 - Carriers are asking for rate increases to cover non-existent vaccines and treatments – and vaccines will likely be heavily subsidized by the government when they are available
 - Members of the individual market aren't the highest risk group for COVID-19 – those are older people who are covered by Medicare
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Problem medical loss ratios

| Carrier | 2017 | 2018 | 2019 | 2021 |
|---|-------|-------|-------|-------|
| Capital District Physicians Health Plan | 88.2% | 79.7% | 92.3% | 86.7% |
| Excellus | 75.8% | 79.4% | 83.0% | 86.8% |
| Fidelis | 88.9% | 82.4% | 80.7% | 85.0% |
| Healthfirst PHSP | 93.9% | 83.1% | 74.3% | 83.5% |
| Independent Health | 81.0% | 72.8% | 72.1% | 85.2% |

*2021 is a projection.

Administrative costs are an average of 12%

| Carrier | Expense ratio |
|--|---------------|
| Capital District Physicians Health Plan | 12.3% |
| Emblem/Health Insurance Plan of Greater New York | 13.3% |
| Excellus | 11.7% |
| Fidelis | 13.4% |
| Healthfirst PHSP | 15.7% |
| HealthNow | 14.1% |
| HealthPlus (Empire) | 9.0% |
| Independent Health | 13.4% |
| MetroPlus | 8.3% |
| MVP Health Plan | 11.9% |
| Oscar | 10.7% |
| UnitedHealthcare of New York | 9.5% |

Keep an eye out for increasing expense ratios

| Carrier | 2019 | 2020 | 2021 |
|---|-------|-------|-------|
| Fidelis (New York Quality Healthcare Corp.) | 10.1% | 9.1% | 13.4% |
| HealthNow | 14.0% | 6.5% | 14.1% |
| Independent Health | 9.5% | 12.1% | 13.4% |

Profit/surplus should be limited to 1.5% or 1%

| Carrier | Expense ratio |
|--|---------------|
| Capital District Physicians Health Plan | 1.0% |
| Emblem/Health Insurance Plan of Greater New York | 2.0% |
| Excellus | 1.5% |
| Fidelis | 1.5% |
| Healthfirst PHSP | 1.5% |
| HealthNow | 2.0% |
| HealthPlus (Empire) | 2.0% |
| Independent Health | 1.5% |
| MetroPlus | 1.0% |
| MVP Health Plan | 1.5% |
| Oscar | 2.4% |
| UnitedHealthcare of New York | 1.5% |

National medical trend estimates

- In 2017 plans predicted a medical trend of 7.6 percent, but actual costs only increased by 5.7 percent. In 2018 the prediction was 7.7 percent, but the actual trend was 6.3 percent. (Segal Consulting)
- PriceWaterhouseCooper found that medical cost trend was 5.7 percent in both 2018 and 2019 and estimated 6 percent for 2020.
- The Milliman Medical Index found that medical costs grew by just: 2.9 percent from 2017 to 2018; 3.8 percent from 2018 to 2019; and 3.2 percent from 2019 to 2020.
- Major private market carriers have predicted a medical trend of 4.8 percent for 2021.

New York carriers medical trend estimates averaged 7%

| Carrier | 2021 estimate |
|--|---------------|
| Capital District Physicians Health Plan | 5.6% |
| Emblem/Health Insurance Plan of Greater New York | 8.6% |
| Excellus | 6.0% |
| Fidelis | 7.5% |
| Healthfirst PHSP | 6.7% |
| HealthNow | 6.8% |
| HealthPlus (Empire) | 7.5% |
| Independent Health | 5.8% |
| MetroPlus | 8.4% |
| MVP Health Plan | 6.4% |
| Oscar | 4.8% |
| UnitedHealthcare of New York | 9.1% |



Thank you!

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